



April 27, 2026

The Honorable Louis DiPalma, Chairperson  
Senate Finance Committee  
82 Smith Street  
Providence, Rhode Island 02903

### **RE: S2361- WEALTH TAX**

Dear Chairperson and Committee Members:

On behalf of the Rhode Island Association of REALTORS® (RIAR), we respectfully submit this testimony in opposition to S2361. RIAR represents more than 5,900 licensed real estate professionals who list, sell, lease, manage, and appraise residential and commercial real estate to make Rhode Island a better place to call home.

S2361 would impose a new annual, first-of-its-kind tax equal to 1% of a Rhode Island resident's "taxable worldwide wealth," defined broadly to include financial intangible assets such as cash, investments, and ownership interests, with a \$25 million exemption threshold.

#### **Creates Economic Instability and Weakens Rhode Island's Competitive Position**

S2361 introduces structural uncertainty into Rhode Island's tax and investment climate, undermining the predictability that businesses, investors, and residents rely on to make long-term decisions.

- Establishes a first-of-its-kind tax at the state level that lacks a proven track record for administration, compliance, or revenue stability.
- Signals to high-net-worth individuals, entrepreneurs, and investors that Rhode Island may be an increasingly uncertain and less competitive place to locate or grow wealth, particularly in light of the state's recent enactment of a first-of-its-kind statewide tax on non-owner-occupied residential property taking effect July 1.
- Incentivizes relocation of capital and residency to lower-tax jurisdictions, particularly given the mobility of intangible assets.

#### **Discourages Real Estate Investment and Threatens Housing Supply and Affordability**

S2361 may disrupt the flow of capital into Rhode Island's real estate market, with direct consequences for housing production, affordability, and overall market stability.

- Disincentivizes investment in real estate partnerships and closely held entities that may fall within the bill's broad ownership and valuation framework.
- Introduces additional tax exposure that complicates financing structures and reduces expected returns on real estate investments.
- Encourages investors to redirect capital to out-of-state markets with more stable and predictable tax environments, particularly considering Rhode Island's recent enactment of a statewide tax on non-owner-occupied residential property.

- Suppresses development activity and transaction volume, limiting new housing production and slowing the pace of redevelopment.

Real estate markets depend on consistent capital investment and predictable conditions. By increasing risk and reducing competitiveness, this proposal may constrain housing supply, place upward pressure on affordability, and weaken overall market stability.

### **Imposes Unworkable Valuation Requirements and Significant Compliance Burdens**

S2361 establishes valuation obligations that are inherently subjective, resource-intensive, and difficult to administer at scale.

- Mandates recurring valuation of assets that lack clear market pricing, including closely held business interests and private investments.
- Creates substantial potential for disputes between taxpayers and the state over fair market value determinations.
- Drives up compliance costs through the need for frequent appraisals, legal analysis, and specialized financial reporting.

These administrative burdens may disproportionately impact taxpayers with non-liquid assets, while also straining administrative capacity and increasing the likelihood of inconsistent or contested outcomes.

### **Creates Significant Constitutional Risk and Invites Prolonged Legal Challenges**

S2361 raises substantial constitutional concerns that may expose the state to immediate and sustained litigation, undermining both enforceability and fiscal reliability.

- Expands taxation to worldwide intangible assets, raising potential issues under the Commerce Clause and Due Process Clause.
- Includes a statutory construction provision directing ambiguities to be resolved in favor of taxation, which may invite litigation.
- Creates uncertainty around enforceability and long-term viability of the tax structure.

Courts routinely scrutinize tax proposals under both state and federal constitutional standards. While recent decisions striking down tax measures have relied on state constitutional grounds, proposals like S2361 raise distinct and unresolved questions under the U.S. Constitution, particularly with respect to interstate commerce and due process.

### **Strains Administrative Capacity and Complicates Enforcement**

S2361 places substantial new demands on state agencies that may be difficult to implement effectively.

- Compels the Department of Revenue to design and deploy new systems capable of tracking, valuing, and auditing highly complex asset classes.
- Imposes escalating audit requirements that may exceed available staffing, expertise, and technological capacity.
- Relies heavily on self-reporting of complex asset classes, increasing enforcement difficulty.

Taken together, these challenges may strain agency resources, increase administrative costs, and limit the state's ability to administer the tax in a fair, consistent, and effective manner.

### **Conclusion**

While RIAR appreciates the intent to explore new revenue mechanisms, S2361 as written raises significant concerns related to economic competitiveness, administrative feasibility, and impacts on real estate markets. The

proposal introduces substantial uncertainty at a time when Rhode Island should be encouraging investment, housing production, and long-term economic growth.

For these reasons, the Rhode Island Association of REALTORS® respectfully urges the Committee to oppose S2361.

Thank you for your time and consideration.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Trevor J. Chasse". The signature is fluid and cursive, with a large initial "T" and "C".

Trevor J. Chasse  
Director, Government Affairs  
Rhode Island Association of REALTORS®